

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 /026 W

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Z 231454Z MAY 76 ZFF 4

FM USDEL SECRETARY IN BONN

TO SECSTATE WASHDC FLASH

C O N F I D E N T I A L SECTION 01 OF 02 SECTO 13095

EXDIS

FOR ROBINSON FROM THE SECRETARY

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A), UNCTAD

SUBJECT: SECRETARY'S UNCTAD DISCUSSION WITH GENSCHER

1. IN DISCUSSION TODAY WITH MINISTERS GENSCHER, FRIDERICHs AND BAHR, THE GERMANS GAVE ME A COMPLETE RUNDOWN ON HOW THEY SEE DEVELOPMENTS AT THE UNCTAD MEETING IN NAIROBI. HERMES WAS PRESENT HERE AND GAVE THE CURRENT STATUS OF DISCUSSIONS IN NAIROBI. SINCE I DID NOT HAVE AN UP-TO-DATE AND COMPLETE PICTURE MYSELF, I AM ASSUMING THE DETAILS THEY GAVE ME ARE ACCURATE.

2. DURING THE COURSE OF OUR DISCUSSION THE GERMANS GAVE AS THEIR CONCLUSION THAT WE SHOULD MOVE TOWARD AGREEMENT ALONG THE FOLLOWING LINES IN ORDER TO BE ABLE TO DEAL PARTICULARLY WITH THE MAIN COMMODITY ISSUES OUTSTANDING AND INSURE ENOUGH PROGRESS IN NAIROBI TO MAKE POSSIBLE A CONTINUATION OF THE DIALOGUE IN CIEC. THE SIGNIFICANT ISSUE APPEARS TO BE AGREEMENT ON HOW TO HANDLE THE COMMODITY UNDERSTANDING. THE GERMANS SAY THAT WE OUGHT TO BE ABLE TO PROPOSE THAT: (1) THERE WILL BE AN AGREED TIMETABLE FOR AN IMMEDIATE EXAMINATION OF COMMODITY ISSUES; (2) BUFFER STOCKS CAN BE MENTIONED AS ONE MEANS TO DEAL WITH COMMODITY PROBLEMS; (3) THERE SHOULD BE NO FAILURE TO REACH AGREEMENT ON SPECIFIC

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COMMODITY UNDERSTANDINGS FOR LACK OF FINANCING; (4)

WHERE APPROPRIATE, SEPARATE FUNDS CAN BE ESTABLISHED FOR INDIVIDUAL COMMODITY ARRANGEMENTS AND SUCH FUNDS COULD INCLUDE FINANCING BY CONSUMERS AND PRODUCERS. (5) IF NECESSARY FOR FINANCIAL REASONS - BUT NOT FOR MANAGEMENT PURPOSES - LINKS MAY BE ESTABLISHED BETWEEN SOME OF THE FUNDS. THIS LAST POINT MEANS THAT WHERE THERE MIGHT BE SURPLUSES AND DEFICITS IN INDIVIDUAL FUNDS LINKS COULD BE ESTABLISHED TO MAKE POSSIBLE A MORE ORDERLY FINANCIAL ARRANGEMENT BUT THAT THIS WOULD NOT BE A COMMON MANAGEMENT OPERATION ALONG THE LINES OF THE GROUP OF 77 COMMON FUND IDEA. CONCERTED CONSULTATIONS WOULD PROCEED FOR APPROXIMATELY 18 MONTHS AFTER WHICH A REPORT WOULD BE REQUIRED.

3. IN ADDITION, THE GERMANS FEEL THAT WE WOULD BE IN A STRONGER POSITION TO RESIST IDEAS WE DO NOT LIKE IN THE DEBT FIELD IF WE COULD SAY IN ADDITION TO WHAT WE HAVE ALREADY ANNOUNCED, THAT WE ARE PREPARED TO DISCUSS PRINCIPLES IN THE CIEC FINANCIAL COMMISSION FOR DEALING WITH DEBT ON A CASE-BY-CASE BASIS, THAT WE SHOULD ALSO STATE THE POSSIBILITY THAT DISCUSSIONS OF DEBT PROBLEMS COULD BE BEGUN WHEN THE NEED BECOMES APPARENT BUT BEFORE IT HAS REACHED THE ACUTE STAGE OF BANKRUPTCY.

4. THE GERMANS THINK THAT IF WE COULD INCLUDE THESE TWO ELEMENTS IT WILL ENABLE US TO LEAVE UNCTAD WITH THE POSSIBILITY OF CONTINUING DISCUSSIONS IN CIEC AND

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FM USDEL SECRETARY IN BONN

TO SECSTATE WASHDC FLASH

C O N F I D E N T I A L SECTION 02 OF 02 SECTO 13095

EXDIS

THEREFORE THE POSSIBILITY OF MAKING FURTHER PROGRESS
WITHOUT A CONFRONTATION IN RELATIONS WITH THE LDCS.

5. YOU SHOULD DISCUSS THESE ITEMS IMMEDIATELY WITH
TREASURY AT THE HIGHEST AVAILABLE LEVEL TODAY AND CABLE
AN AGREED POSITION TO ME IN STOCKHOLM BY THE END OF
THE DAY IN WASHINGTON OR 1:00 A.M. STOCKHOLM TIME. I
PROMISED GENSCHER I WOULD GET WORD TO HIM BEFORE A
CABINET MEETING EARLY MONDAY AFTERNOON. THE GERMANS
MADE CLEAR THAT THIS WAS THE MINIMUM POSITION THEY CAN
ACCEPT AND THE MINIMUM POSITION NECESSARY FOR A
SUCCESSFUL CONFERENCE. I MADE IT CLEAR THAT I COULD
NOT ACCEPT THESE SUGGESTIONS HERE BECAUSE I WAS NOT
COMPLETELY AWARE OF THE STATUS OF THE SITUATION IN
NAIROBI AND BECAUSE OBVIOUSLY THIS IS A MATTER WHICH
MUST BE CONSIDERED AT THE HIGHEST LEVELS IN WASHINGTON.

6. IN VIEW OF THE LEVEL OF REPRESENTATION OF OTHER
COUNTRIES AND THE DANGER OF SEVERE CRITICISM IF THERE
SHOULD BE HITCHES AT NAIROBI IN FINAL DAYS, I BELIEVE
THAT YOU MUST RETURN TO NAIROBI IMMEDIATELY TO HEAD
OUR DELEGATION. I WOULD HAVE SUGGESTED EITHER YOU OR
BILL ROGERS BUT WITHOUT HIS CONFIRMATION I DO NOT
BELIEVE THAT WOULD BE APPROPRIATE.
KISSINGER

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